

PROPOSED AMENDMENT

SENATE AMENDMENTS TO S.B. 1331

(Reference to printed bill)

Strike everything after the enacting clause and insert:

“Section 1. Section 48-707, Arizona Revised Statutes, is amended to read:

48-707. Notice and conduct of elections; waiver

A. Any election under this article shall be a nonpartisan election called by posting notices in three public places within the boundaries of the district not less than twenty days before the election. Notice shall also be published in a newspaper of general circulation in the municipality or county or if there is no newspaper so circulated in the municipality in a newspaper of general circulation in the county in which the municipality is located once a week for two consecutive weeks before the election. The notice shall state:

1. The place of holding the election.

2. The hours during the day, not less than six, in which the polls will be open.

3. If it is a formation election, the boundaries of the proposed district.

4. If it is a bond election, the amount of bonds to be authorized for the district, the maximum rate of interest to be borne on the bonds, the maximum term of the bonds, not exceeding twenty-five years, and the purposes for which the monies raised will be used.

5. If it is an ad valorem tax levy election pursuant to section 48-723, the maximum tax rate per one hundred dollars of assessed valuation to be imposed, the purposes for which the monies raised will be used and the existing maximum tax rate, if any.

6. That a general plan is on file with the clerk.

B. The district board or the governing body, as applicable, shall determine the date of the election and the polling places for the election and may consolidate county precincts. For other than a formation election

1 pursuant to section 48-705, subsection B, and an election held pursuant to
2 subsection G of this section, precinct registers shall be used. The county
3 recorder shall submit precinct registers on the request of the clerk, and if
4 the district includes land lying partly in and partly out of any county
5 election precinct, the precinct registers may contain the names of all
6 registered voters in the precinct and the election boards at those precincts
7 shall require that a prospective elector execute an affidavit stating that
8 the elector is also a qualified elector of the district. For formation
9 elections and elections held pursuant to subsection G of this section, a
10 prospective elector shall execute an affidavit stating that the elector is
11 the owner of land in the proposed district and is a qualified elector of this
12 state or otherwise qualified to vote pursuant to section 48-3043 and stating
13 the area of land in acres owned by the elector. Election board members may
14 administer oaths or take all affirmations for these purposes. A community
15 facilities district election held pursuant to this article is not subject to
16 title 16, chapter 2, article 3.

17 C. Except as otherwise provided by this article, the election shall
18 comply with the general election laws of this state, except that the words to
19 appear on the ballots shall be for a formation election "district, yes" and
20 "district, no", for a bond election "bonds, yes" and "bonds, no", for a tax
21 election if no tax is in place "tax, yes" and "tax, no" and for a tax
22 election to change an existing maximum or eliminate an existing tax "tax
23 change, yes" and "tax change, no". The returns of election shall be made to
24 the governing body or, if after formation, to the district board.

25 D. Within fourteen days after an election, the governing body, or if
26 after formation, the district board, shall meet and canvass the returns, and
27 if a majority of the votes cast at the election is in favor of formation,
28 issuing the bonds, imposing the tax or changing the tax, the governing body
29 or the district board, as appropriate, shall enter that fact on its
30 minutes. The canvass may be continued from time to time. Failure of a
31 majority to vote in favor of the matter submitted does not prejudice the
32 submission of the same or similar matters at a later election.

1 E. If a person listed on the assessment roll is no longer the owner of
2 land in the district and the name of the successor owner becomes known and is
3 verified by recorded deed or other similar evidence of transfer of ownership,
4 the successor owner is deemed to be the owner for the purposes of this
5 article.

6 F. Notwithstanding any other provision of this article, if a petition
7 for formation is signed by owners of all of the land in the district
8 described in the petition and is approved by the municipality or county, the
9 municipality or county may waive any or all requirements of posting,
10 publication, mailing, notice, hearing and landowner election. On receipt of
11 such a petition, and after approval by an election of resident electors, if
12 any, the municipality or county shall declare the district formed without
13 being required to comply with the provisions of this article for posting,
14 publication, mailing, notice, hearing or landowner election.

15 G. Notwithstanding any other provision of this article, if no person
16 has registered to vote within the district within fifty days immediately
17 preceding any scheduled election date, any election required to be held
18 pursuant to this article shall be held with the vote by the owners of land
19 within the district who are qualified electors of this state and other
20 landowners according to section 48-3043. Each owner has the number of votes
21 or portion of votes equal to the number of acres or portion of acres rounded
22 upward to the nearest one-fifth of an acre owned in the district by that
23 person.

24 H. ~~EXCEPT AS PROVIDED IN SUBSECTION I OF THIS SECTION,~~ for a district
25 that is proposed to be formed by a county, a district may be formed only if a
26 petition for formation is signed by the owners of all of the land in the
27 district that is described in the petition and if it is approved by the
28 county. If the district is proposed to be formed in a county island, as
29 defined in section 11-251.12, in existence on ~~the effective date of this~~
30 ~~amendment to this section~~ ~~SEPTEMBER 21, 2006~~, the petition must be signed by
31 the owners of all of the land in the district that is described in the
32 petition and the district must be approved by the county and by the

1 municipality or all municipalities that form the county island. If the
2 petition is signed by the owners of all of the land in the district, the
3 county may waive any or all requirements of posting, publication, mailing,
4 notice, hearing and landowner election. On receipt of such a petition, and
5 after approval by an election of one hundred per cent of the resident
6 electors, if any, the county shall declare the district formed without being
7 required to comply with the provisions of this article for posting.

8 I. NOTWITHSTANDING SUBSECTION H OF THIS SECTION, A DISTRICT MAY BE
9 FORMED BY A COMMUNITY LOCATED WITHIN TEN MILES OF THE BOUNDARY OF A NATIONAL
10 PARK OR MONUMENT IF THE POPULATION WITHIN THE AREA OF THE DISTRICT IS GREATER
11 THAN THREE HUNDRED FIFTY PERSONS. A PETITION FOR THE FORMATION OF A DISTRICT
12 PURSUANT TO THIS SUBSECTION MUST BE SIGNED BY THE NUMBER OF OWNERS OF REAL
13 PROPERTY THAT REPRESENTS AT LEAST FIFTY-ONE PER CENT OF THE REAL PROPERTY
14 WITHIN THE PROPOSED BOUNDARIES OF THE DISTRICT. A DISTRICT FORMED PURSUANT
15 TO THIS SUBSECTION SHALL HAVE ALL OF THE POWERS OF A DISTRICT FORMED PURSUANT
16 TO THIS ARTICLE EXCEPT FOR THE POWER TO LEVY AN AD VALOREM TAX OR A SPECIAL
17 ASSESSMENT. A DISTRICT FORMED PURSUANT TO THIS SUBSECTION SHALL HAVE THE
18 POWER TO ENACT AND LEVY AN EXCISE TAX PURSUANT TO SECTION 48-726.

19 Sec. 2. Section 48-709, Arizona Revised Statutes, is amended to read:

20 48-709. Powers of a community facilities district

21 A. In addition to the powers otherwise granted to a district pursuant
22 to this article, a district, ~~may~~ to further the general plan, MAY:

23 1. Enter into contracts and expend monies for any public
24 infrastructure purpose with respect to the district.

25 2. Enter into intergovernmental agreements as prescribed in title 11,
26 chapter 7, article 3 for the planning, design, inspection, ownership,
27 control, maintenance, operation or repair of public infrastructure or the
28 provision of enhanced municipal services by the municipality in the district.

29 3. Sell, lease or otherwise dispose of district property if the sale,
30 lease or conveyance is not a violation of the terms of any contract or bond
31 resolution of the district.

1 4. Reimburse the municipality for providing enhanced municipal
2 services in the district.

3 5. Operate, maintain and repair public infrastructure.

4 6. Establish, charge and collect user fees, rates or charges for the
5 use of any public infrastructure or service.

6 7. Employ staff, counsel and consultants.

7 8. Reimburse the municipality or county for staff and consultant
8 services and support facilities supplied by the municipality or county.

9 9. Accept gifts or grants and incur and repay loans for any public
10 infrastructure purpose.

11 10. Enter into agreements with landowners and the municipality or
12 county for the collection of fees and charges from landowners for public
13 infrastructure purposes, the advance of monies by landowners for public
14 infrastructure purposes or the granting of real property by the landowner for
15 public infrastructure purposes.

16 11. By resolution, levy and assess the costs of any public
17 infrastructure purpose on any land benefited in the district.

18 12. Pay the financial, legal and administrative costs of the district.

19 13. Enter into contracts, agreements and trust indentures to obtain
20 credit enhancement or liquidity support for its bonds and process the
21 issuance, registration, transfer and payment of its bonds and the
22 disbursement and investment of proceeds of the bonds.

23 14. With the consent of the governing body of the municipality or
24 county which formed the district, enter into agreements with persons outside
25 of the district to provide services to persons and property outside of the
26 district.

27 15. Use public easements and rights-of-way in or across public
28 property, roadways, highways, streets or other thoroughfares and other public
29 easements and rights-of-way, whether in or out of the geographical limits of
30 the district, the municipality or the county.

31 16. FOR A DISTRICT FORMED PURSUANT TO SECTION 48-707, SUBSECTION I
32 ONLY, LEVY AN EXCISE TAX.

1 B. This article does not authorize:

2 1. A district to acquire, construct, operate or maintain an electric
3 generation or distribution system or natural gas distribution system without
4 the written consent of any affected public service corporation, electric
5 cooperative, agricultural improvement or power district or other district
6 described in article XIII, section 7, Constitution of Arizona, the service
7 area of which encompasses all or part of the district, if that entity is
8 providing or is capable of adequately providing electrical utility service or
9 natural gas utility service in the district.

10 2. A district to provide service outside its boundaries without the
11 written consent of any affected public service corporation, electric
12 cooperative, agricultural improvement or power district or other district
13 described in article XIII, section 7, Constitution of Arizona, with a service
14 area that lies outside of the district, if that entity is providing or is
15 capable of adequately providing electrical utility service or natural gas
16 utility service in the area that the district proposes to serve.

17 C. If a district is granted written consent pursuant to this section,
18 the district shall provide a copy to the governor, the president of the
19 senate, the speaker of the house of representatives and each commissioner of
20 the Arizona corporation commission no later than thirty days after consent is
21 granted.

22 D. In connection with any power authorized by statute, the district
23 may:

24 1. Contract.

25 2. Enter into intergovernmental agreements pursuant to title 11,
26 chapter 7, article 3.

27 3. Adopt and change a seal.

28 4. Sue and be sued.

29 5. Enter into development agreements, as defined in section 9-500.05.

30 6. Exercise the same right and power of eminent domain as a public
31 service corporation pursuant to title 12, chapter 8, articles 2 and 3 to

1 acquire any property or right-of-way, except political subdivision, county,
2 state or federal property, for any public infrastructure purpose.

3 E. A district which proposes to provide domestic water service in the
4 certificated area of a public service corporation serving domestic water
5 shall provide just compensation to the public service corporation pursuant to
6 section 9-516.

7 F. Public infrastructure other than personalty may be located only in
8 or on lands owned by the state, a county, a municipality or the district or
9 dedicated or otherwise designated as public roadways, highways, streets,
10 thoroughfares, easements or rights-of-way, whether in or out of the district
11 or the municipality. Personalty may be used only for purposes authorized by
12 the district board.

13 G. An agreement pursuant to subsection A, paragraph 10 of this section
14 may include agreements to repay all or part of such advances, fees and
15 charges from the proceeds of bonds if issued or from advances, fees and
16 charges collected from other landowners or users or those having a right to
17 use any public infrastructure. A person does not have authority to compel
18 the issuance or sale of the bonds of the district or the exercise of any
19 taxing power of the district to make repayment under any agreement.

20 H. A district shall not contract with a municipality for enhanced
21 municipal services unless the area for which the services are to be provided
22 is designated by the municipality as a slum or blighted area pursuant to
23 title 36, chapter 12, or an urban core business district of the municipality
24 determined by formal resolution of the municipality to be in need of enhanced
25 municipal services to encourage or preserve commercial development in the
26 area.

27 I. Notwithstanding title 34 or article 2 of this chapter, the district
28 at the option of the district board may enter into contracts for the
29 performance of district projects with landowners in the district after
30 calling for bids but before publishing notice of the award of a contract if
31 all of the following conditions are met:

1 1. The landowner or landowners own three-fourths or more of the total
2 land area of the district.

3 2. The landowner or landowners contract to perform the work at a cost
4 which does not exceed the cost specified in the bid of the bidder who would
5 have been awarded that bid.

6 3. The work for which the contract was let is to be financed pursuant
7 to this article.

8 4. All contracts and work executed pursuant to this section are
9 subject to those rules as the district board may prescribe.

10 Sec. 3. Title 48, chapter 4, article 6, Arizona Revised Statutes, is
11 amended by adding sections 48-726 and 48-727, to read:

12 48-726. Excise tax; certain districts

13 A. THE BOARD OF DIRECTORS OF A DISTRICT FORMED PURSUANT TO SECTION
14 48-707, SUBSECTION I MAY LEVY AN EXCISE TAX IN THE DISTRICT. THE BOARD OF
15 DIRECTORS OF THE DISTRICT BY RESOLUTION MAY LEVY, AND IF LEVIED THE
16 DEPARTMENT OF REVENUE SHALL COLLECT, AN EXCISE TAX BEGINNING JANUARY 1 OR
17 JULY 1, WHICHEVER DATE FIRST OCCURS AT LEAST THREE MONTHS AFTER THE DISTRICT
18 ADOPTS THE RESOLUTION APPROVING THE TAX LEVY. THE DISTRICT MAY LEVY AN
19 EXCISE TAX ON BUSINESS ACTIVITY IN THE DISTRICT THAT IS SUBJECT TO TAXATION
20 UNDER TITLE 42, CHAPTER 5. THE TAX SHALL BE LEVIED AT A RATE OF NO MORE THAN
21 FIVE PER CENT OF THE GROSS PROCEEDS OF SALES OR GROSS INCOME DERIVED FROM THE
22 BUSINESS ACTIVITY.

23 B. AT THE END OF EACH MONTH THE STATE TREASURER SHALL TRANSMIT THE NET
24 REVENUES COLLECTED PURSUANT TO THIS SECTION TO THE DISTRICT TREASURER WHO
25 SHALL DEPOSIT THE REVENUES IN THE DISTRICT'S GENERAL FUND.

26 C. UNLESS THE CONTEXT OTHERWISE REQUIRES, SECTION 42-6102 GOVERNS THE
27 ADMINISTRATION OF THE TAX IMPOSED PURSUANT TO THIS SECTION.

28 D. THE DISTRICT'S BOARD OF DIRECTORS MAY USE THE EXCISE TAXES RECEIVED
29 PURSUANT TO THIS SECTION FOR THE CONSTRUCTION, OPERATION AND MAINTENANCE OF
30 PUBLIC INFRASTRUCTURE ACQUIRED OR CONSTRUCTED BY THE DISTRICT AND MAY PLEDGE
31 SUCH TAXES TO THE PAYMENT OF DISTRICT BONDS ISSUED PURSUANT TO SECTION
32 48-727.

1 48-727. Bonds payable from excise taxes

2 A. THE BOARD OF DIRECTORS OF A DISTRICT FORMED PURSUANT TO SECTION
3 48-707, SUBSECTION I IS DESIGNATED AS THE BODY HAVING SOLE AND EXCLUSIVE
4 POWER TO AUTHORIZE AND ISSUE BONDS OR INCUR LONG-TERM OBLIGATIONS PAYABLE IN
5 WHOLE OR IN PART FROM MONIES COLLECTED FROM THE EXCISE TAX AUTHORIZED
6 PURSUANT TO SECTION 48-726. THE BOARD MAY:

7 1. ISSUE NEGOTIABLE BONDS PAYABLE FROM THE DISTRICT'S EXCISE TAXES IN
8 THE PRINCIPAL AMOUNT THAT IN THE OPINION OF THE BOARD IS NECESSARY TO PROVIDE
9 SUFFICIENT MONIES FOR CONSTRUCTION OR ACQUISITION OF PUBLIC INFRASTRUCTURE,
10 TO ESTABLISH RESERVES TO SECURE THE BONDS AND TO PROVIDE FOR THE PAYMENT OF
11 ALL OTHER EXPENDITURES INCIDENTAL, NECESSARY OR CONVENIENT TO CARRY OUT THESE
12 PURPOSES.

13 2. REFUND ANY BONDS ISSUED BY THE BOARD AND PAYABLE FROM EXCISE TAXES
14 OF THE DISTRICT AS AUTHORIZED IN THIS SECTION BY THE ISSUANCE OF REFUNDING
15 BONDS, WHETHER THE BONDS TO BE REFUNDED HAVE OR HAVE NOT MATURED. PROCEEDS
16 OF REFUNDING BONDS MAY BE USED TO PAY PRINCIPAL, INTEREST, REDEMPTION
17 PREMIUMS AND COSTS OF ISSUANCE AND TO PURCHASE CREDIT ENHANCEMENT ON
18 REFUNDING BONDS.

19 B. THE BONDS AUTHORIZED BY THIS SECTION SHALL:

20 1. BE AUTHORIZED BY RESOLUTION OF THE BOARD.

21 2. BEAR SUCH DATE OR DATES AND SHALL MATURE AT SUCH TIME OR TIMES, NOT
22 EXCEEDING THE EARLIER OF FORTY YEARS FROM THEIR RESPECTIVE DATES OR THE DATE
23 THE DISTRICT'S EXCISE TAXES SECURING THE BONDS ARE SCHEDULED TO CEASE, AS THE
24 RESOLUTION AUTHORIZING THE BONDS MAY PROVIDE.

25 3. BEAR INTEREST AT SUCH RATE OR RATES, INCLUDING RATES THAT MAY VARY
26 FROM TIME TO TIME, PURSUANT TO PROVISIONS ESTABLISHED BY THE BOARD IN THE
27 AUTHORIZING RESOLUTION.

28 4. BE IN THE DENOMINATION, BE IN THE FORM, BE EXECUTED IN THE MANNER
29 AND BE PAYABLE AS TO PRINCIPAL, INTEREST OR PREMIUM IN THE MEDIUM OF PAYMENT
30 AT THE OFFICE OF THE DISTRICT OR AT SUCH OTHER PLACE AS THE BOARD PROVIDES,
31 EITHER BY AUTOMATIC DEPOSIT, WIRE TRANSFER OR MAIL. THE BONDS MAY BE ISSUED
32 AS BOOK ENTRY BONDS WITH PAYMENTS OF PRINCIPAL, INTEREST AND REDEMPTION

1 PREMIUMS PAYABLE THROUGH A DEPOSITORY TO THE BENEFICIAL OWNERS OF THE BONDS,
2 EITHER DIRECTLY OR THROUGH INTERMEDIARIES.

3 5. BE SUBJECT TO SUCH TERMS OF REDEMPTION, AT THE OPTION OF EITHER THE
4 BOARD OR THE OWNER OF THE BOND, AS THE RESOLUTION AUTHORIZING THE BONDS MAY
5 PROVIDE.

6 6. BE PAYABLE FROM THE EXCISE TAXES TO BE RECEIVED BY THE DISTRICT.
7 THE DISTRICT BY RESOLUTION AUTHORIZING THE ISSUANCE OF THE BONDS MAY PLEDGE
8 ALL OR ANY PART OF SUCH EXCISE TAXES TO THE PAYMENT OF PRINCIPAL, INTEREST,
9 RESERVE FUND CONTRIBUTIONS AND REDEMPTION PREMIUMS ON THE BONDS. THE
10 RESOLUTION MAY ASSIGN ALL OR ANY PORTION OF THE DISTRICT'S EXCISE TAXES TO A
11 TRUSTEE, PAYING AGENT OR FISCAL AGENT. IF AN ASSIGNMENT IS MADE, THE
12 DISTRICT MAY DIRECT THE DEPARTMENT OF REVENUE TO DEDUCT AN EQUAL AMOUNT EACH
13 MONTH FROM THE EXCISE TAX REVENUES IT COLLECTS FOR THE DISTRICT AND PAY THAT
14 AMOUNT DIRECTLY TO THE BOND OWNERS, TRUSTEE, PAYING AGENT OR FISCAL AGENT
15 DESIGNATED BY THE DISTRICT BOARD.

16 C. THE BONDS MAY BE SOLD AT EITHER PUBLIC OR PRIVATE SALE, ABOVE, AT
17 OR BELOW PAR AND ON SUCH TERMS AS THE BOARD MAY DETERMINE. BONDS TO REFUND
18 OTHER BONDS MAY BE EXCHANGED WITH THE HOLDERS OF BONDS BEING REFUNDED ON SUCH
19 TERMS AS THE BOARD DETERMINES.

20 D. THE BOARD BY RESOLUTION MAY ALSO:

21 1. SET THE PRIORITY OF LIEN OR CLAIM OF ANY SERIES OR ISSUE OF BONDS
22 AGAINST ANY OTHER SERIES OR ISSUES, AND THE BOARD SHALL NOT ABROGATE OR
23 CHANGE THE PRIORITY UNLESS THE AFFECTED SERIES OR ISSUES ARE TO BE FULLY PAID
24 OR FULLY PROVIDED FOR BY THE ISSUANCE OF REFUNDING BONDS OR THE HOLDERS OF
25 THE BONDS AFFECTED AGREE IN WRITING TO THE CHANGE.

26 2. SET ASIDE, REGULATE AND DISPOSE OF RESERVES AND SINKING FUNDS.

27 3. PROVIDE THAT SUFFICIENT AMOUNTS OF THE PROCEEDS FROM THE SALE OF
28 THE BONDS MAY BE USED TO FULLY OR PARTLY FUND ANY AND ALL RESERVES OR SINKING
29 FUNDS SET UP BY THE RESOLUTION AUTHORIZING THE BONDS.

30 4. PRESCRIBE THE PROCEDURE, IF ANY, BY WHICH THE TERMS OF A CONTRACT
31 WITH BONDHOLDERS MAY BE AMENDED OR ABROGATED, THE AMOUNT OF BONDS THE HOLDERS

1 OF WHICH MUST CONSENT TO AMENDMENTS AND THE MANNER IN WHICH THE CONSENT MAY
2 BE GIVEN.

3 5. PROVIDE FOR PAYMENT FROM THE PROCEEDS OF THE SALE OF THE BONDS OF
4 ALL LEGAL AND FINANCIAL EXPENSES INCURRED BY THE BOARD IN THE ISSUANCE, SALE,
5 DELIVERY AND PAYMENT OF THE BONDS.

6 6. DO ANY OTHER MATTERS, OF LIKE OR DIFFERENT CHARACTER, THAT MAY IN
7 ANY WAY AFFECT THE SECURITY AND PROTECTION OF THE BONDS.

8 7. EMPLOY TRUSTEES, PAYING AGENTS, FISCAL AGENTS, FINANCIAL
9 CONSULTANTS, FEASIBILITY CONSULTANTS, ATTORNEYS AND OTHER EXPERTS IN THEIR
10 FIELDS TO AID IN THE SALE AND ADMINISTRATION OF THE BONDS.

11 E. ANY PLEDGE MADE PURSUANT TO THIS SECTION IS VALID AND BINDING FROM
12 THE TIME THE PLEDGE IS MADE. THE MONIES PLEDGED PURSUANT TO THIS SECTION,
13 WHEN PLACED IN THE FUND OR ACCOUNT CREATED TO SERVICE THE BONDS OR PROVIDE
14 RESERVES OR SINKING FUNDS FOR THE BONDS, ARE IMMEDIATELY SUBJECT TO THE LIEN
15 OF THE PLEDGE WITHOUT ANY FUTURE PHYSICAL DELIVERY OR FURTHER ACT OR
16 RECORDING. A LIEN OF ANY PLEDGE IS VALID OR BINDING AGAINST ALL PARTIES
17 HAVING CLAIMS OF ANY KIND IN TORT, CONTRACT OR OTHERWISE AGAINST THE
18 DISTRICT, REGARDLESS OF WHETHER THE PARTIES HAVE NOTICE. WHEN PLACED IN THE
19 RECORDS OF THE BOARD, THE OFFICIAL RESOLUTION, THE TRUST INDENTURE OR ANY
20 INSTRUMENT BY WHICH THE PLEDGE IS CREATED IS NOTICE TO ALL CONCERNED OF THE
21 CREATION OF THE PLEDGE, AND THESE INSTRUMENTS ARE NOT REQUIRED TO BE RECORDED
22 IN ANY OTHER PLACE. A FILING OR RECORDING OF THE RESOLUTION OF THE BOARD
23 CREATING OR EXTENDING THE LIEN OR PLEDGE IN ORDER FOR THE PLEDGE OR LIEN TO
24 BECOME FULLY EFFECTIVE IS NOT REQUIRED IN ANY OFFICE OTHER THAN IN THE OFFICE
25 OF THE BOARD.

26 F. THE MEMBERS OF THE BOARD OR ANY PERSON EXECUTING THE BONDS ARE NOT
27 PERSONALLY LIABLE FOR THE PAYMENT OF THE BONDS. THE BONDS ARE VALID AND
28 BINDING OBLIGATIONS OF THE DISTRICT NOTWITHSTANDING THE FACT THAT BEFORE THE
29 DELIVERY OF THE BONDS ANY OF THE OFFICERS WHOSE SIGNATURES APPEAR ON THE
30 BONDS CEASE TO BE OFFICERS OF THE DISTRICT. FROM AND AFTER THE SALE AND
31 DELIVERY OF THE BONDS, THE BONDS ARE INCONTESTABLE.

1 G THIS STATE PLEDGES TO AND AGREES WITH THE HOLDERS OF THE BONDS THAT
2 THE STATE WILL NOT LIMIT, ALTER, REPEAL OR REVOKE THE DISTRICT'S EXCISE
3 TAXES, OR TAKE ANY ACTION THAT IN ANY WAY ADVERSELY AFFECTS THE RIGHTS OF THE
4 HOLDERS OF THE BONDS, LIMITS OR ALTERS THE AUTHORITY OF THE BOARD TO LEVY THE
5 EXCISE TAX TO PREVENT THE IMPOSITION OF SUFFICIENT EXCISE TAXES TO FULFILL
6 THE TERMS OF THE BONDS, OR IN ANY WAY IMPAIR THE RIGHTS AND REMEDIES OF THE
7 BONDHOLDERS, WHILE ANY BONDS ARE OUTSTANDING. THE DISTRICT BOARD AS AGENT
8 FOR THIS STATE MAY INCLUDE THIS PLEDGE AND UNDERTAKING BY THIS STATE IN ITS
9 RESOLUTIONS AND INDENTURES SECURING ITS BONDS.

10 H. THE BONDS ARE OBLIGATIONS OF THE DISTRICT ISSUING THE BONDS, ARE
11 PAYABLE ONLY PURSUANT TO THE TERMS OF THE BONDS, ARE NOT OBLIGATIONS THAT ARE
12 GENERAL, SPECIAL OR OTHERWISE OF THIS STATE OR THE COUNTY IN WHICH THE
13 DISTRICT IS LOCATED, ARE NOT A LEGAL DEBT OF THIS STATE OR OF THE COUNTY IN
14 WHICH THE DISTRICT IS LOCATED AND ARE NOT ENFORCEABLE AGAINST THIS STATE OR
15 THE COUNTY OUT OF ANY MONIES OTHER THAN THE INCOME AND REVENUE PLEDGED AND
16 ASSIGNED TO OR IN TRUST FOR THE BENEFIT OF THE OWNERS OF THE BONDS."

17 Amend title to conform

JACK W. HARPER

2/21/08
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